

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

STARRED QUESTION NO:22

ANSWERED ON:20.10.2008

MANAGEMENT OF EMPLOYEES PROVIDENT FUND

Malhotra Prof. Vijay Kumar; Sai Shri Nand Kumar

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the Government has recently engaged private fund managers in addition to the State Bank of India for the Employees Provident Fund (EPF);
- (b) if so, the details thereof indicating the bids received in this behalf, accepted and rejected alongwith the reasons therefor;
- (c) the terms and conditions finalised with these companies for management of the EPF alongwith the guidelines issued for investment of the fund by such companies; and
- (d) the details of action plan formulated for regulating the companies managing the EPF?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI OSCAR FERNANDES)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 22 FOR 20.10.2008 BY PROF. VIJAY KUMAR MALHOTRA AND SHRI NAND KUMAR SAI REGARDING "MANAGEMENT OF EMPLOYEES' PROVIDENT FUND". (a) to (d): Yes, Sir. Three Asset Management Companies, namely, HSBC, ICICI Prudential and Reliance Capital have been engaged in addition to the State Bank of India for managing the corpus of Employees' Provident Fund Organisation.

Out of 21 bids of expression of interest, 17 bids were accepted for technical evaluation and 10 bids met the technical qualifications. Out of these 10, two bids were rejected as these were 'zero' bids. The terms and conditions specifying in detail the obligations, authorisations and rights of both the parties including clauses on indemnity, expenses, permissions & sanctions, custodial arrangements, tenure, confidentiality and dispute resolution mechanism are incorporated in the agreement signed with each of the Fund Manager.

As regards investment related guidelines, it is submitted that the instructions are specified in the 'Investment Pattern' notified by the Government vide number S.O. 2125 dated 9th July, 2003 as modified by number S.O. 2184 dated 10th September, 2008 as in Annexure.